

Senate File 166

H-8102

1 Amend Senate File 166, as amended, passed, and
2 reprinted by the Senate, as follows:

3 1. By striking everything after the enacting clause
4 and inserting:

5 <Section 1. NEW SECTION. 99E.1 Definitions.

6 As used in this chapter, unless the context
7 otherwise requires:

8 1. "*Applicant*" means an internet fantasy sports
9 contest service provider applying for a license to
10 conduct internet fantasy sports contests under this
11 chapter.

12 2. "*Commission*" means the state racing and gaming
13 commission created under section 99D.5.

14 3. "*Fantasy sports contest*" includes any fantasy or
15 simulated game or contest in which the fantasy sports
16 contest operator is not a participant in the game or
17 contest, the value of all prizes and awards offered to
18 winning participants are established and made known
19 to the participants in advance of the contest, all
20 winning outcomes reflect the relative knowledge and
21 skill of the participants and shall be determined by
22 accumulated statistical results of the performance
23 of individuals, including athletes in the case of
24 sporting events, and no winning outcome is based on the
25 score, point spread, or any performance or performances
26 of any single actual team or solely on any single
27 performance of an individual athlete or player in any
28 single actual event. For purposes of this subsection,
29 "*athlete*" does not include an athlete participating in
30 any extracurricular interscholastic athletic contest or
31 competition which is sponsored or administered by an
32 organization as defined in section 280.13.

33 4. "*Internet fantasy sports contest*" means a method
34 of entering a fantasy sports contest by which a person
35 may establish an account with an internet fantasy

1 sports contest service provider, deposit money into
2 the account, and use the account balance for entering
3 a fantasy sports contest by utilizing electronic
4 communication.

5 5. *"Internet fantasy sports contest adjusted*
6 *revenues"* means, for each internet fantasy sports
7 contest, the amount equal to the total charges and
8 fees collected from all participants entering the
9 internet fantasy sports contest less winnings paid to
10 participants in the contest, multiplied by the resident
11 percentage.

12 6. *"Internet fantasy sports contest player"* means a
13 person who is at least twenty-one years of age, is a
14 resident of this state, and participates in an internet
15 fantasy sports contest operated by an internet fantasy
16 sports contest service provider.

17 7. *"Internet fantasy sports contest service*
18 *provider"* means a person, including a licensee under
19 chapter 99D or 99F, who conducts an internet fantasy
20 sports contest as authorized by this chapter.

21 8. *"Resident percentage"* means, for each internet
22 fantasy sports contest, the percentage, rounded to the
23 nearest tenth of a percent, equal to the total charges
24 and fees collected from all internet fantasy sports
25 contest players divided by the total charges and fees
26 collected from all participants in the internet fantasy
27 sports contest.

28 Sec. 2. NEW SECTION. **99E.2 Internet fantasy sports**
29 **contests authorized.**

30 The system of entering an internet fantasy sports
31 contest as provided by this chapter is legal when
32 conducted by a licensed internet fantasy sports contest
33 service provider as provided in this chapter.

34 Sec. 3. NEW SECTION. **99E.3 Commission — powers.**

35 The commission shall have full jurisdiction over and

1 shall supervise internet fantasy sports contests and
2 internet fantasy sports contest service providers as
3 governed by this chapter. The commission shall have
4 the following powers and shall adopt rules pursuant to
5 chapter 17A to implement this chapter:

6 1. To investigate applicants and determine the
7 eligibility of applicants for a license to conduct
8 internet fantasy sports contests.

9 2. To license and regulate internet fantasy sports
10 contest service providers subject to the requirements
11 of this chapter.

12 3. To investigate alleged violations of this
13 chapter or the commission rules, orders, or final
14 decisions and to take appropriate disciplinary action
15 against a licensee, or institute appropriate legal
16 action for enforcement, or both. Information gathered
17 during an investigation is confidential during the
18 pendency of the investigation.

19 4. To assess fines and revoke or suspend licenses.

20 5. To require, beginning July 1, 2018, licensees
21 to establish a process with the state for licensees to
22 have electronic access to names and social security
23 numbers of debtors of claimant agencies through a
24 secured interactive internet site maintained by the
25 state.

26 6. To take any other action as may be reasonable or
27 appropriate to enforce this chapter and the commission
28 rules.

29 **Sec. 4. NEW SECTION. 99E.4 Requirements of**
30 **applicant — fee — penalty.**

31 1. An applicant for a license to conduct internet
32 fantasy sports contests shall complete and sign an
33 application on the form prescribed and published by
34 the commission. The application shall include such
35 information of the applicant that the commission deems

1 necessary for purposes of issuing a license pursuant
2 to this chapter.

3 2. The commission shall charge the applicant a fee
4 set by the department of public safety, division of
5 criminal investigation, to defray the costs associated
6 with any investigations conducted pursuant to the
7 requirements of this section concerning the applicant.
8 This fee is in addition to any other license fee
9 charged by the commission. The fee may be retained by
10 the department of public safety, division of criminal
11 investigation, and shall be considered repayment
12 receipts as defined in section 8.2.

13 3. A license shall not be granted to an applicant
14 if there is substantial evidence that any of the
15 following apply:

16 a. A license issued to the applicant to conduct
17 internet fantasy sports contests in another
18 jurisdiction has been revoked by an entity licensing
19 persons to conduct such contests in that jurisdiction.

20 b. The applicant has not demonstrated financial
21 responsibility sufficient to adequately meet the
22 requirements of the enterprise proposed.

23 c. The applicant does not adequately disclose the
24 true owners of the enterprise proposed.

25 d. The applicant has knowingly made a false
26 statement of a material fact to the commission.

27 e. The applicant has failed to meet a monetary
28 obligation in connection with conducting an internet
29 fantasy sports contest.

30 f. The applicant is not of good repute and moral
31 character or the applicant has pled guilty to, or has
32 been convicted of, a felony.

33 4. A person who knowingly makes a false statement
34 on the application is guilty of an aggravated
35 misdemeanor.

1 5. For the purposes of this section, *"applicant"*
2 includes each member of the board of directors of an
3 internet fantasy sports contest service provider.

4 Sec. 5. NEW SECTION. 99E.5 Licenses — fees —
5 terms and conditions — revocation.

6 1. If the commission is satisfied that the
7 requirements of this chapter and its rules adopted
8 under this chapter applicable to licensees have been
9 or will be complied with, the commission shall issue a
10 license for a period of not more than three years to an
11 applicant to conduct internet fantasy sports contests
12 in this state.

13 2. A licensed internet fantasy sports contest
14 service provider shall comply with all of the following
15 requirements:

16 a. Prevent employees of the internet fantasy sports
17 contest service provider and relatives living in the
18 same household as such employees from competing in
19 any internet fantasy sports contest conducted by the
20 service provider in which the service provider offers a
21 cash prize over five dollars.

22 b. Verify that an internet fantasy sports contest
23 player is twenty-one years of age or older and is a
24 resident of Iowa.

25 c. Ensure that individuals who participate in a
26 game or contest that is the subject of an internet
27 fantasy sports contest are restricted from entering an
28 internet fantasy sports contest in which the outcome
29 is determined, in whole or in part, by the accumulated
30 statistical results of a team of individuals in the
31 game or contest in which they participate.

32 d. Allow individuals to restrict themselves from
33 entering an internet fantasy sports contest conducted
34 by the internet fantasy sports contest service provider
35 upon request and take reasonable steps to prevent those

1 individuals from entering any internet fantasy sports
2 contests conducted by the internet fantasy sports
3 contest service provider.

4 e. Disclose the number of entries a single internet
5 fantasy sports contest player may submit to each
6 internet fantasy sports contest and take reasonable
7 steps to prevent players from submitting more than the
8 allowable number of entries for that internet fantasy
9 sports contest.

10 f. Segregate internet fantasy sports contest player
11 funds from operational funds and maintain a reserve
12 in the form of cash, cash equivalents, an irrevocable
13 letter of credit, a bond, or a combination thereof in
14 the amount of the deposits in internet fantasy sports
15 contest player accounts for the benefit and protection
16 of internet fantasy sports contest player funds held
17 in internet fantasy sports contest accounts by the
18 internet fantasy sports contest service provider.

19 g. Annually contract with a third party to
20 perform an independent audit, consistent with the
21 standards established by the public company accounting
22 oversight board, to ensure compliance with all of the
23 requirements in this chapter and submit the results of
24 the independent audit to the commission.

25 h. Pay the tax as provided in section 99E.6.

26 3. The annual license fee to conduct internet
27 fantasy sports contests shall be five hundred dollars.
28 Moneys collected by the commission from the annual
29 license fee paid under this subsection shall be
30 considered repayment receipts as defined in section
31 8.2.

32 4. Upon a violation of any of the conditions listed
33 in section 99E.4 or this section by a licensee, the
34 commission shall immediately revoke the license.

35 Sec. 6. NEW SECTION. 99E.6 Internet fantasy sports

1 **contest tax — rate.**

2 A tax of seven and one-half percent is imposed on
3 internet fantasy sports contest adjusted revenues.
4 The tax imposed by this section shall be paid by the
5 internet fantasy sports contest service provider to
6 the commission as provided by the commission. The tax
7 shall be deposited in the rebuild Iowa infrastructure
8 fund created in section 8.57.

9 **Sec. 7. NEW SECTION. 99E.7 Internet fantasy sports**
10 **contests — age restrictions.**

11 A person under the age of twenty-one years shall not
12 enter an internet fantasy sports contest. A person
13 who violates this section with respect to entering an
14 internet fantasy sports contest commits a scheduled
15 violation under section 805.8C, subsection 11.

16 **Sec. 8. NEW SECTION. 99E.8 Division of criminal**
17 **investigation.**

18 The division of criminal investigation of the
19 department of public safety may investigate to
20 determine licensee compliance with the requirements
21 of [this chapter](#). Investigations may be conducted
22 either on the criminal investigation division's own
23 initiative or at the request of the commission. The
24 criminal investigation division and the commission
25 shall cooperate to the maximum extent possible on an
26 investigation.

27 **Sec. 9. NEW SECTION. 99E.9 Setoff.**

28 1. A licensee or a person acting on behalf of a
29 licensee shall be provided electronic access to the
30 names of the persons indebted to a claimant agency
31 pursuant to the process established pursuant to section
32 99E.3, subsection 5. The electronic access provided
33 by the claimant agency shall include access to the
34 names of the debtors, their social security numbers,
35 and any other information that assists the licensee

1 in identifying the debtors. If the name of a debtor
2 provided to the licensee through electronic access is
3 retrieved by the licensee and the winnings are equal
4 to or greater than one thousand two hundred dollars
5 per occurrence, the retrieval of such a name shall
6 constitute a valid lien upon and claim of lien against
7 the winnings of the debtor whose name is electronically
8 retrieved from the claimant agency. If a debtor's
9 winnings are equal to or greater than one thousand two
10 hundred dollars per occurrence, the full amount of the
11 debt shall be collectible from any winnings due the
12 debtor without regard to limitations on the amounts
13 that may be collectible in increments through setoff
14 or other proceedings.

15 2. The licensee is authorized and directed to
16 withhold any winnings of a debtor which are paid out
17 directly by the licensee subject to the lien created by
18 this section and provide notice of such withholding to
19 the winner when the winner appears and claims winnings
20 in person. The licensee shall pay the funds over to
21 the collection entity which administers the setoff
22 program pursuant to [section 8A.504](#).

23 3. Notwithstanding any other provision of law to
24 the contrary, the licensee may provide to a claimant
25 agency all information necessary to accomplish and
26 effectuate the intent of [this section](#), and likewise the
27 claimant agency may provide all information necessary
28 to accomplish and effectuate the intent of this
29 section.

30 4. The information obtained by a claimant agency
31 from the licensee in accordance with [this section](#) shall
32 retain its confidentiality and shall only be used by a
33 claimant agency in the pursuit of its debt collection
34 duties and practices. An employee or prior employee
35 of a claimant agency who unlawfully discloses any such

1 information for any other purpose, except as otherwise
2 specifically authorized by law, shall be subject to the
3 penalties specified by law for unauthorized disclosure
4 of confidential information by an agent or employee of
5 the claimant agency.

6 5. The information obtained by a licensee from a
7 claimant agency in accordance with [this section](#) shall
8 retain its confidentiality and only be used by the
9 licensee in the pursuit of debt collection duties and
10 practices. An employee or prior employee of a licensee
11 who unlawfully discloses any such information for
12 any other purpose, except as otherwise specifically
13 authorized by law, shall be subject to the same
14 penalties specified by law for unauthorized disclosure
15 of confidential information by an agent or employee of
16 the licensee.

17 6. Except as otherwise provided in [this chapter](#),
18 attachments, setoffs, or executions authorized and
19 issued pursuant to law shall be withheld if timely
20 served upon the licensee.

21 7. A claimant agency or licensee, acting in good
22 faith, shall not be liable to any person for actions
23 taken pursuant to [this section](#).

24 **Sec. 10. NEW SECTION. 99E.10 Penalties.**

25 In addition to any other penalty specified in this
26 chapter, a person who willfully fails to comply with
27 the requirements of this chapter and the rules adopted
28 pursuant to chapter 17A commits a class "D" felony and,
29 in addition, shall be barred for life from internet
30 fantasy sports contests.

31 **Sec. 11. Section 232C.4, subsection 3, Code 2016,**
32 **is amended to read as follows:**

33 3. An emancipated minor shall remain subject
34 to voting restrictions under [chapter 48A](#), gambling
35 restrictions under [chapter 99B](#), [99D](#), [99F](#), [99G](#), or [725](#),

1 internet fantasy sports contest restrictions under
2 chapter 99E, alcohol restrictions under chapter 123,
3 compulsory attendance requirements under chapter 299,
4 and cigarette tobacco restrictions under chapter 453A.

5 Sec. 12. Section 714B.10, subsection 1, Code 2016,
6 is amended to read as follows:

7 1. Advertising by sponsors registered pursuant
8 to chapter 557B, licensed pursuant to chapter 99B, or
9 regulated pursuant to chapter 99D, 99E, 99F, or 99G.

10 Sec. 13. Section 805.8C, Code 2016, is amended by
11 adding the following new subsection:

12 NEW SUBSECTION. 11. *Internet fantasy sports contest*
13 *violations.* For violations of legal age for entering
14 an internet fantasy sports contest under section 99E.7,
15 the scheduled fine is five hundred dollars. Failure
16 to pay the fine by a person under the age of eighteen
17 shall not result in the person being detained in a
18 secure facility.

19 Sec. 14. IMPLEMENTATION DATE. The following
20 provision or provisions of this Act shall not be
21 implemented until July 1, 2018:

22 1. The section of this Act enacting section 99E.9.>

23 2. Title page, line 1, after <contests> by
24 inserting <, providing for a tax, making penalties
25 applicable, and including implementation provisions>

COMMITTEE ON STATE GOVERNMENT

VANDER LINDEN of Mahaska, Chairperson